

HOUSE BILL 831

M3, M5

2lr1975

By: **Delegates Stein and Barve**

Introduced and read first time: February 3, 2022

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Reducing Greenhouse Gas Emissions – Commercial and Residential Buildings**

3 FOR the purpose of requiring the Department of the Environment to establish building
4 emissions standards for certain commercial and residential buildings; establishing
5 the Building Energy Transition Implementation Task Force to study certain matters
6 and develop a plan for funding the retrofit of certain buildings; requiring the
7 Maryland Department of Labor to update the Maryland Building Performance
8 Standards; and generally relating to reducing greenhouse gas emissions from
9 commercial and residential buildings in the State.

10 BY adding to

11 Article – Environment

12 Section 2–1601 through 2–1603 to be under the new subtitle “Subtitle 16. Building
13 Emissions Standards”

14 Annotated Code of Maryland

15 (2013 Replacement Volume and 2021 Supplement)

16 BY repealing and reenacting, without amendments,

17 Article – Public Safety

18 Section 12–501 and 12–505(a)(1)

19 Annotated Code of Maryland

20 (2018 Replacement Volume and 2021 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article – Public Safety

23 Section 12–503

24 Annotated Code of Maryland

25 (2018 Replacement Volume and 2021 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
27 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Environment

SUBTITLE 16. BUILDING EMISSIONS STANDARDS.

2-1601.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “BUILDING” HAS THE MEANING STATED IN THE INTERNATIONAL BUILDING CODE.

(C) (1) “COVERED BUILDING” MEANS A COMMERCIAL OR MULTIFAMILY RESIDENTIAL BUILDING IN THE STATE THAT HAS A GROSS FLOOR AREA OF 25,000 SQUARE FEET OR MORE, EXCLUDING THE PARKING GARAGE AREA.

(2) “COVERED BUILDING” DOES NOT INCLUDE A BUILDING DESIGNATED AS A HISTORIC PROPERTY UNDER FEDERAL, STATE, OR LOCAL LAW.

(D) “DIRECT BUILDING EMISSIONS” MEANS GREENHOUSE GAS EMISSIONS PRODUCED ON-SITE BY A COVERED BUILDING.

2-1602.

(A) IT IS THE GOAL OF THE STATE THAT HOLISTIC RETROFITS, INCLUDING WEATHERIZATION MEASURES AND HEAT PUMP INSTALLATIONS, BE IMPLEMENTED IN 100% OF LOW-INCOME HOUSEHOLDS WITH MINIMAL OR NO UPFRONT COSTS FOR THE RESIDENT BY JANUARY 1, 2030.

(B) THE DEPARTMENT SHALL DEVELOP BUILDING EMISSIONS STANDARDS FOR COVERED BUILDINGS THAT ACHIEVE:

(1) A 20% REDUCTION IN DIRECT BUILDING EMISSIONS ON OR BEFORE JANUARY 1, 2030, FROM:

(I) 2025 LEVELS; OR

(II) AN ALTERNATIVE BASELINE OF NOT EARLIER THAN 2020 IF AUTHORIZED UNDER THE BUILDING EMISSIONS STANDARDS DEVELOPED UNDER THIS SUBSECTION; AND

(2) NET-ZERO DIRECT BUILDING EMISSIONS ON OR BEFORE JANUARY 1, 2040.

1 **(C) TO FACILITATE THE DEVELOPMENT OF BUILDING EMISSIONS**
2 **STANDARDS UNDER THIS SECTION, THE DEPARTMENT SHALL REQUIRE THE**
3 **OWNERS OF COVERED BUILDINGS TO MEASURE AND REPORT DIRECT EMISSIONS TO**
4 **THE DEPARTMENT ANNUALLY BEGINNING IN 2025.**

5 **(D) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT**
6 **THIS SECTION.**

7 **(2) REGULATIONS ADOPTED UNDER THIS SECTION SHALL:**

8 **(I) PROVIDE MAXIMUM FLEXIBILITY TO THE OWNERS OF**
9 **COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS;**

10 **(II) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION,**
11 **INCLUDE AN ALTERNATIVE COMPLIANCE PATHWAY ALLOWING THE OWNER OF A**
12 **COVERED BUILDING TO PAY A FEE FOR BUILDING EMISSIONS THAT EXCEED THE**
13 **BUILDING EMISSIONS STANDARDS; AND**

14 **(III) TO THE EXTENT AUTHORIZED BY LAW, INCLUDE FINANCIAL**
15 **INCENTIVES RECOMMENDED BY THE BUILDING ENERGY TRANSITION**
16 **IMPLEMENTATION TASK FORCE.**

17 **(3) THE DEPARTMENT MAY NOT SET AN ALTERNATIVE COMPLIANCE**
18 **FEE THAT IS LESS THAN THE SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE**
19 **DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.**

20 **2-1603.**

21 **(A) THERE IS A BUILDING ENERGY TRANSITION IMPLEMENTATION TASK**
22 **FORCE.**

23 **(B) THE TASK FORCE CONSISTS OF THE FOLLOWING MEMBERS:**

24 **(1) THE SECRETARY, OR THE SECRETARY'S DESIGNEE;**

25 **(2) THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT,**
26 **OR THE SECRETARY'S DESIGNEE;**

27 **(3) THE SECRETARY OF GENERAL SERVICES, OR THE SECRETARY'S**
28 **DESIGNEE;**

29 **(4) THE DIRECTOR OF THE MARYLAND ENERGY ADMINISTRATION,**

1 OR THE DIRECTOR'S DESIGNEE;

2 (5) THE CHAIR OF THE PUBLIC SERVICE COMMISSION, OR THE
3 CHAIR'S DESIGNEE;

4 (6) THE PEOPLE'S COUNSEL, OR THE PEOPLE'S COUNSEL'S
5 DESIGNEE;

6 (7) THE EXECUTIVE DIRECTOR OF THE MARYLAND CLEAN ENERGY
7 CENTER, OR THE EXECUTIVE DIRECTOR'S DESIGNEE;

8 (8) THE CHAIR OF THE MARYLAND GREEN BUILDING COUNCIL, OR
9 THE CHAIR'S DESIGNEE;

10 (9) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY THE
11 SPEAKER OF THE HOUSE;

12 (10) ONE MEMBER OF THE SENATE, APPOINTED BY THE PRESIDENT
13 OF THE SENATE; AND

14 (11) THE FOLLOWING MEMBERS, APPOINTED BY THE GOVERNOR:

15 (I) ONE REPRESENTATIVE OF A NONPROFIT OR PROFESSIONAL
16 ORGANIZATION THAT ADVOCATES FOR ENERGY-EFFICIENT BUILDINGS OR A
17 LOW-CARBON-BUILT ENVIRONMENT;

18 (II) ONE REPRESENTATIVE OF A BUSINESS THAT PROVIDES
19 ENERGY EFFICIENCY OR RENEWABLE ENERGY SERVICES TO LARGE BUILDINGS OR
20 AFFORDABLE HOUSING IN MARYLAND;

21 (III) ONE REPRESENTATIVE WHO IS AN ARCHITECT WITH
22 EXPERIENCE PLANNING MODIFICATIONS TO EXISTING BUILDINGS TO ACHIEVE
23 GREENHOUSE GAS EMISSIONS REDUCTIONS;

24 (IV) ONE REPRESENTATIVE WHO IS A MECHANICAL,
25 ELECTRICAL, OR PLUMBING ENGINEER OR COMMISSIONING AGENT WITH
26 EXPERIENCE IN MODIFYING OR REPLACING SYSTEMS IN ORDER TO ACHIEVE
27 GREENHOUSE GAS EMISSIONS REDUCTIONS;

28 (V) ONE REPRESENTATIVE OF THE APARTMENT AND OFFICE
29 BUILDING ASSOCIATION;

30 (VI) ONE REPRESENTATIVE WHO IS AN AFFORDABLE HOUSING

1 DEVELOPER;

2 (VII) ONE REPRESENTATIVE WHO IS A FACILITIES OR PROPERTY
3 MANAGER FOR AN APARTMENT BUILDING;

4 (VIII) ONE REPRESENTATIVE WHO IS A FACILITIES OR PROPERTY
5 MANAGER FOR A COMMERCIAL BUILDING;

6 (IX) ONE REPRESENTATIVE OF A FINANCIAL INSTITUTION; AND

7 (X) ONE REPRESENTATIVE OF A PRIVATE EQUITY FIRM.

8 (C) THE SECRETARY SHALL DESIGNATE THE CHAIR OF THE TASK FORCE.

9 (D) THE DEPARTMENT SHALL PROVIDE STAFF FOR THE TASK FORCE.

10 (E) A MEMBER OF THE TASK FORCE:

11 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE TASK
12 FORCE; BUT

13 (2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE
14 STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

15 (F) (1) THE TASK FORCE SHALL:

16 (I) STUDY AND MAKE RECOMMENDATIONS REGARDING THE
17 DEVELOPMENT OF COMPLEMENTARY PROGRAMS, POLICIES, AND INCENTIVES
18 AIMED AT REDUCING GREENHOUSE GAS EMISSIONS FROM THE BUILDING SECTOR IN
19 ACCORDANCE WITH THIS SUBTITLE; AND

20 (II) DEVELOP A PLAN FOR FUNDING THE RETROFIT OF
21 COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS.

22 (2) THE PLAN DEVELOPED UNDER THIS SUBSECTION MAY INCLUDE
23 RECOMMENDATIONS RELATED TO:

24 (I) THE CREATION OF COMMERCIAL TAX CREDITS OR DIRECT
25 SUBSIDY PAYMENTS FOR BUILDING DECARBONIZATION PROJECTS;

26 (II) THE CREATION OF FINANCIAL INCENTIVES THROUGH
27 EMPOWER AND OTHER STATE PROGRAMS TO SUPPORT ALL ASPECTS OF THE
28 TRANSITION TO ELECTRIFIED BUILDINGS; AND

(III) THE USE OF OPTIONS SUCH AS ON-BILL, LOW-INTEREST FINANCING TO SPREAD OUT THE UP-FRONT COSTS ASSOCIATED WITH ELECTRIFICATION RETROFIT UPGRADES.

(G) ON OR BEFORE DECEMBER 1, 2023, THE TASK FORCE SHALL DELIVER ITS PLAN TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

Article – Public Safety

12-501.

(a) In this subtitle the following words have the meanings indicated.

(b) “Building” has the meaning stated in the International Building Code.

(c) “Department” means the Maryland Department of Labor.

(d) (1) “International Building Code” means the first printing of the most recent edition of the International Building Code issued by the International Code Council.

(2) “International Building Code” does not include interim amendments or subsequent printings of the most recent edition of the International Building Code.

(e) (1) “International Energy Conservation Code” means the first printing of the most recent edition of the International Energy Conservation Code issued by the International Code Council.

(2) “International Energy Conservation Code” does not include interim amendments or subsequent printings of the most recent edition of the International Energy Conservation Code.

(f) (1) “International Green Construction Code” means the first printing of the most recent edition of the International Green Construction Code issued by the International Code Council.

(2) “International Green Construction Code” does not include interim amendments or subsequent printings of the most recent edition of the International Green Construction Code.

(g) “Local jurisdiction” means the county or municipal corporation that is responsible for implementation and enforcement of the Standards under this subtitle.

(h) “Standards” means the Maryland Building Performance Standards.

(i) “Structure” has the meaning stated in the International Building Code.

12–503.

(a) (1) The Department shall adopt by regulation, as the Maryland Building Performance Standards, the International Building Code, including the International Energy Conservation Code, with the modifications incorporated by the Department under subsection (b) of this section.

(2) The Department shall adopt each subsequent version of the Standards within 18 months after it is issued.

(b) (1) Before adopting each version of the Standards, the Department shall:

(i) review the International Building Code to determine whether modifications should be incorporated in the Standards;

(ii) consider changes to the International Building Code to enhance energy conservation and efficiency;

(iii) subject to the provisions of paragraph (2)(ii) of this subsection, adopt modifications to the Standards that allow any innovative approach, design, equipment, or method of construction that can be demonstrated to offer performance that is at least the equivalent to the requirements of:

1. the International Energy Conservation Code;

2. Chapter 13, “Energy Efficiency”, of the International Building Code; or

3. Chapter 11, “Energy Efficiency”, of the International Residential Code;

(iv) accept written comments;

(v) consider any comments received; and

(vi) hold a public hearing on each proposed modification.

(2) (i) Except as provided in subparagraph (ii) of this paragraph and § 12–510 of this subtitle, the Department may not adopt, as part of the Standards, a modification of a building code requirement that is more stringent than the requirement in the International Building Code.

(ii) 1. The Department may adopt energy conservation requirements that are more stringent than the requirements in the International Energy

Conservation Code, but may not adopt energy conservation requirements that are less stringent than the requirements in the International Energy Conservation Code.

2. ON OR BEFORE JANUARY 1, 2023, THE DEPARTMENT SHALL ADOPT A MODIFICATION TO THE INTERNATIONAL ENERGY CONSERVATION CODE TO PROVIDE THAT RESIDENTIAL BUILDINGS THAT ARE CONSTRUCTED TO AN ABOVE-CODE CERTIFICATION PROGRAM MEET ENERGY CONSERVATION REQUIREMENTS.

(3) (I) ON OR BEFORE JANUARY 1, 2023, THE DEPARTMENT SHALL ADOPT, AS PART OF THE STANDARDS:

1. SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A REQUIREMENT THAT NEW RESIDENTIAL AND COMMERCIAL BUILDINGS MEET ALL WATER AND SPACE HEATING DEMAND WITHOUT THE USE OF FOSSIL FUELS; AND

2. ELECTRIC-READY STANDARDS TO ENSURE THAT NEW BUILDINGS ARE READY FOR:

A. THE INSTALLATION OF SOLAR ENERGY SYSTEMS;

B. THE INSTALLATION OF ELECTRIC VEHICLE CHARGING EQUIPMENT; AND

C. BUILDING-GRID INTERACTION.

(II) 1. A LOCAL JURISDICTION MAY GRANT A VARIANCE FROM THE REQUIREMENTS OF SUBPARAGRAPH (I)1 OF THIS PARAGRAPH FOR A BUILDING ONLY IF THE LOCAL JURISDICTION DETERMINES, IN ACCORDANCE WITH A COST-EFFECTIVENESS TEST DEVELOPED BY THE DEPARTMENT, THAT THE INCREMENTAL COST OF CONSTRUCTING THE BUILDING TO COMPLY WITH THE REQUIREMENTS WOULD BE GREATER THAN THE SOCIAL COST OF THE GREENHOUSE GASES THAT WOULD BE REDUCED BY COMPLYING WITH THE REQUIREMENTS.

2. THE COST-EFFECTIVENESS TEST DEVELOPED BY THE DEPARTMENT UNDER THIS SUBPARAGRAPH SHALL:

A. FOR THE PURPOSE OF CALCULATING THE SOCIAL COST OF GREENHOUSE GASES, USE EITHER THE RATE ADOPTED BY THE DEPARTMENT OF THE ENVIRONMENT OR THE RATE ADOPTED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY, WHICHEVER IS GREATER; AND

1 **B. ACCOUNT FOR PROJECTED UTILITY COST RATES AND**
2 **EMISSIONS RATES BASED ON THE MOST RECENT FINAL GREENHOUSE GAS**
3 **EMISSIONS REDUCTION PLAN ADOPTED UNDER § 2-1205 OF THE ENVIRONMENT**
4 **ARTICLE.**

5 **3. A BUILDING THAT RECEIVES A VARIANCE IN**
6 **ACCORDANCE WITH THE COST-EFFECTIVENESS TEST DEVELOPED UNDER THIS**
7 **SUBPARAGRAPH SHALL STILL BE REQUIRED TO COMPLY WITH ELECTRIC-READY**
8 **STANDARDS ADOPTED UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH.**

9 **(III) 1. A LOCAL JURISDICTION MAY ADOPT ANY LAW, RULE,**
10 **OR ORDINANCE TO IMPOSE PENALTIES FOR NONCOMPLIANCE WITH ANY**
11 **REQUIREMENT ADOPTED UNDER THIS PARAGRAPH.**

12 **2. THE AMOUNT OF ANY PENALTY UNDER**
13 **SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH MAY NOT EXCEED THE**
14 **ALTERNATIVE COMPLIANCE FEE ESTABLISHED BY THE DEPARTMENT UNDER §**
15 **2-1602(D)(2)(II) OF THE ENVIRONMENT ARTICLE.**

16 (c) The Standards apply to each building or structure in the State for which a
17 building permit application is received by a local jurisdiction on or after August 1, 1995.

18 (d) In addition to the Standards, the Department [may] **SHALL:**

19 **(1) ON OR BEFORE JANUARY 1, 2023, adopt by regulation the 2018**
20 **International Green Construction Code; AND**

21 **(2) ADOPT EACH SUBSEQUENT VERSION OF THE CODE WITHIN 18**
22 **MONTHS AFTER IT IS ISSUED.**

23 12-505.

24 (a) (1) (i) Each local jurisdiction shall implement and enforce the most
25 current version of the Standards and any local amendments to the Standards.

26 (ii) Any modification of the Standards adopted by the State after
27 December 31, 2009, shall be implemented and enforced by a local jurisdiction no later than
28 12 months after the modifications are adopted by the State.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2022.